

**CITY OF GARBER
GARFIELD, OKLAHOMA
AUDITOR'S REPORT**

AND

**FINANCIAL STATEMENTS
FISCAL YEAR ENDED
JUNE 30, 2021**

*WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA*

**CITY OF GARBER
GARFIELD COUNTY, OKLAHOMA
CITY COUNCIL AND OFFICERS**

Warren Dell
Roger Foraker
Brady Bond
David Betchan
Darin Nagel

Mayor
Councilmember
Councilmember
Councilmember
Councilmember

Natawsha Wedel
Sheri Dennis

City Clerk
City Treasurer

CONTENTS

	<u>Page</u>
City Officials	
Contents	
Management's Discussion and Analysis - Omitted	
Independent Auditors' Report	
Government Wide Financial Statements	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Statement of Net Position by Fund – Modified Cash Basis	
Governmental Funds	5
Proprietary Funds	6
Statement of Revenue, Expenditures and Changes in Fund Balance by Fund	
Governmental Funds	7
Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
Notes to financial statements	10-19
Supplemental Information	
Budgetary Comparison Schedule General Fund – Cash Basis	
Budgetary Comparison Schedule Municipal Authority - Cash Basis	
Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based Upon an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Garber, Oklahoma

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely component units, each major fund, and aggregate remaining fund information of the City of Garber, State of Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

City of Garber
May 10, 2022

basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garber, State of Oklahoma, as of June 30, 2021, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garber, State of Oklahoma's basic financial statements. The management's discussion and analysis, which has been omitted, and budgetary comparison information, located in the supplemental section, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022, on our consideration of the City of Garber's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Garber's internal control over financial reporting and compliance.



Watonga, Oklahoma
May 10, 2022

**GOVERNMENT-WIDE
STATEMENTS**

CITY OF GARBER, OKLAHOMA
Statement of Net Position-Modified Cash Basis
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Unrestricted			
Cash and Cash Equivalents	\$ 926,975	\$ 510,537	\$ 1,437,512
Investments	86,865	47,807	134,672
Due from other fund	-	-	-
Restricted Cash	-	99,808	99,808
Restricted Investments	-	38,370	38,370
Land and construction-in-process	-	-	-
Other capital assets, net	-	2,490,654	2,490,654
Total Assets	<u>1,013,840</u>	<u>3,187,176</u>	<u>4,201,017</u>
LIABILITIES			
Due to Other Funds	-	-	-
Deposits	-	63,957	63,957
Long-term Liabilities			
Due within one year	-	-	-
Due in more than one year	-	1,890,000	1,890,000
Total Liabilities	<u>-</u>	<u>1,953,957</u>	<u>1,953,957</u>
NET POSITION			
Invested in capital assets, net of related debt	-	600,654	600,654
Restricted	-	74,221	74,221
Unrestricted	1,013,840	558,344	1,572,185
Total Net Position	<u>\$ 1,013,840</u>	<u>\$ 1,233,219</u>	<u>\$ 2,247,060</u>

See accompanying notes to the basic financial statements.

CITY OF GARBER, OKLAHOMA
Statement of Activities - Modified Cash Basis
June 30, 2021

Functional Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Primary Government:							
Governmental Activities:							
General Government	\$ 161,261	\$ -	\$ -	\$ -	\$ (161,261)	\$ -	\$ (161,261)
Culture, parks and recreation	12,156	1,647	-	-	(10,509)	-	(10,509)
Municipal Court	2,400	-	-	-	(2,400)	-	(2,400)
Public Safety	97,817	51,806	48,815	-	2,804	-	2,804
Highway and Streets	47,593	-	-	-	(47,593)	-	(47,593)
Trash	47,440	60,703	-	-	13,263	-	13,263
Total governmental activities	368,667	114,156	48,815	-	(205,696)	-	(205,696)
	368,667	368,665					
Business-Type Activities:							
Water	344,646	339,954	-	52,500	-	47,808	47,808
Sewer	15,355	45,829	-	-	-	30,474	30,474
GEDA (Cable)	14,793	8,758	-	-	-	(6,035)	(6,035)
Unallocated Depreciation	62,514	-	-	-	-	(62,514)	(62,514)
Total business-type activities	437,308	394,541	-	52,500	-	9,733	9,733
Total Primary Government	805,975	508,697	48,815	52,500	(205,696)	9,733	(195,963)
General Revenues:							
Taxes					298,985	-	298,985
Intergovernment revenue					17,709	-	17,709
Investment income					1,366	918	2,284
Miscellaneous					1,063	15,349	16,403
Transfers-Internal Activity							
Transfer from GMA to General Fund					45,000	(45,000)	-
Transfer from 2 Cent to GEDA					-	-	-
Total general revenues and transfers					364,112	(28,733)	335,380
Changes in Net Assets					158,416	(19,000)	139,416
Net Position - Beginning					855,424	1,094,720	1,950,144
Prior Period Adjustments					-	157,500	157,500
Net Position - Ending					\$ 1,013,840	\$ 1,233,219	\$ 2,247,060

See accompanying notes to the basic financial statements.

**GOVERNMENTAL FUND
STATEMENTS**

CITY OF GARBER, OKLAHOMA
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	2-cent Sales Tax Fund	Cleet Fund	Grant Fund	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 702,121	\$ 216,611	\$ 1,161	\$ 7,082	\$ 926,975
Due from Other Funds	-	-	-	-	-
Investments	49,969	36,897	-	-	86,865
Total Current Assets	<u>752,090</u>	<u>253,508</u>	<u>1,161</u>	<u>7,082</u>	<u>1,013,840</u>
Non-current Assets:					
Capital Assets	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-
Total Non-Current Assets	<u>752,090</u>	<u>253,508</u>	<u>1,161</u>	<u>7,082</u>	<u>1,013,840</u>
Total Assets					
	<u>752,090</u>	<u>253,508</u>	<u>1,161</u>	<u>7,082</u>	<u>1,013,840</u>
LIABILITIES					
Accounts payable & accrued liabilities	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION					
Non-Spendable:					
Invested in Capital Assets, net of debt	-	-	-	-	-
Restricted	-	-	-	7,082	7,082
Committed	-	-	1,161	-	1,161
Assigned	-	253,508	-	-	253,508
Unrestricted	752,090	-	-	-	752,090
Total Net Position	<u>752,090</u>	<u>253,508</u>	<u>1,161</u>	<u>7,082</u>	<u>1,013,840</u>

Reconciliation to Statement of Net Assets:

Amount reported for governmental activities in the statement of net assets

None	-
	-
	-
	<u>\$ 1,013,840</u>

See accompanying notes to the basic financial statements,

CITY OF GARBER, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	2-cent Sales Tax Fund	Cleet Fund	Grant Fund	Total
Revenues:					
Taxes	\$ 95,015	\$ 203,970	\$ -	\$ -	\$ 298,985
Intergovernmental	17,709	-	-	-	17,709
Charges for Services	-	1,647	-	-	1,647
Fines and forfeitures	46,796	-	5,010	-	51,806
Licenses and permits	-	-	-	-	-
Trash	60,703	-	-	-	60,703
Interest	1,036	330	-	-	1,366
Miscellaneous	49,857	12	-	-	49,868
Total Revenues	<u>271,115</u>	<u>205,958</u>	<u>5,010</u>	<u>-</u>	<u>482,083</u>
Expenditures:					
General Government	47,658	24,159	-	-	71,817
Public Works Director	-	19,955	-	-	19,955
City Clerk	23,793	-	-	-	23,793
Managerial	5,913	-	-	-	5,913
City Treasurer	21,881	-	-	-	21,881
Municipal Court	2,400	-	-	-	2,400
Office Improvement	299	-	-	-	299
Parks	215	11,941	-	-	12,156
Animal Control	5,237	-	-	-	5,237
Animal Shelter	-	-	-	-	-
Emergency Management	-	-	-	-	-
Street	2,137	22,988	-	-	25,125
Street Lights	22,468	-	-	-	22,468
Trash	47,440	-	-	-	47,440
Fire Department	17,332	-	-	-	17,332
Police Department	70,349	-	4,898	-	75,248
Postage	1,038	-	-	-	1,038
City Hall	1,796	-	-	-	1,796
Maintenance Worker - PWA	-	14,767	-	-	14,767
Grant Expenditures	-	-	-	-	-
Total Expenditures	<u>269,956</u>	<u>93,811</u>	<u>4,898</u>	<u>-</u>	<u>368,665</u>
Excess (deficiency) of revenues over expenditures	1,158	112,148	112	-	113,417
Other Financing Sources					
Transfers In	147,086	-	-	-	147,086
Transfers Out	-	(102,086)	-	-	(102,086)
Total Other Financing Sources	<u>147,086</u>	<u>(102,086)</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
Net Changes in Fund Balance	148,244	10,061	112	-	158,417
Fund Balance - Beginning	603,846	243,446	1,049	7,082	855,424
Fund Balance - Ending	<u>752,090</u>	<u>253,508</u>	<u>1,161</u>	<u>7,082</u>	<u>1,013,841</u>

Reconciliation to the Statement of Activities:

Net change in fund balances	158,417
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets transferred to Enterprise Fund	-
Depreciation	-
Change in net assets of governmental activities	<u>\$ 158,417</u>

See Accompanying notes to the basic financial statements.

**PROPRIETARY
STATEMENTS**

CITY OF GARBER, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Garber Municipal Authority	Garber Economic Development Authority	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 471,051	\$ 39,486	\$ 510,537
Accounts Receivable, net	-	-	-
Investments	47,807	-	47,807
Inventory	-	-	-
Total Current Assets	518,858	39,486	558,344
Noncurrent Assets:			
Restricted cash and cash equivalents	99,808	-	99,808
Restricted investments	38,370	-	38,370
Capital Assets, net of accumulated depreciation	2,490,654	-	2,490,654
Total noncurrent assets	2,628,832	-	2,628,832
Total Assets	3,147,690	39,486	3,187,176
LIABILITIES			
Current Liabilities:			
Deposits subject to refund	63,957	-	63,957
Notes payable-current portion	-	-	-
Due to other funds	-	-	-
Total current liabilities	63,957	-	63,957
Noncurrent Liabilities:			
Notes payable	1,890,000	-	1,890,000
Total noncurrent liabilities	1,890,000	-	1,890,000
Total Liabilities	1,953,957	-	1,953,957
NET POSITION			
Invested in Capital Assets, net of debt	600,654	-	600,654
Restricted	74,221	-	74,221
Unrestricted	518,858	39,486	558,344
Total Net Position	\$ 1,193,733	\$ 39,486	\$ 1,233,219

See accompanying notes to the basic financial statements,

CITY OF GARBER, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

	Garber Municipal Authority	Garber Economic Development Authority	Total
Revenues:			
Charges for services:			
Water	\$ 339,954	\$ -	\$ 339,954
Sewer	45,829	-	45,829
Cable	-	8,758	8,758
Other	15,349	-	15,349
Total Revenues	<u>401,132</u>	<u>8,758</u>	<u>409,890</u>
Expenses:			
Personnel Service	92,197	-	92,197
Water	169,545	-	169,545
Maintenance & Operations	55,417	-	55,417
Sewer	15,355	-	15,355
General	27,486	-	27,486
Cable Department	-	14,793	14,793
Depreciation	62,514	-	62,514
Total Expenses	<u>422,515</u>	<u>14,793</u>	<u>437,308</u>
Operating Income (Loss)	<u>(21,383)</u>	<u>(6,035)</u>	<u>(27,418)</u>
Non-operating revenues (expenses):			
Investment income	880	38	918
Grant Receipts	52,500	-	52,500
Other-Transfers In	-	-	-
Other-Transfers Out	(45,000)	-	(45,000)
Total Non-operating Revenues (Expenses)	<u>8,380</u>	<u>38</u>	<u>8,418</u>
Changes in Net Position	(13,003)	(5,997)	(19,000)
Net Position - Beginning	1,049,237	45,483	1,094,720
Prior Period Adjustment	157,500	-	157,500
Net Position - Ending	<u>\$ 1,193,733</u>	<u>\$ 39,486</u>	<u>\$ 1,233,219</u>

See Accompanying notes to the basic financial statements.

CITY OF GARBER, OKLAHOMA
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS-CASH BASIS
June 30, 2021

	Garber Municipal Authority	Garber Economic Development Authority	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 401,132	\$ 8,758	\$ 409,890
Payments to suppliers and employees	(360,001)	(14,793)	(374,794)
Total Revenues	<u>41,131</u>	<u>(6,035)</u>	<u>35,096</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES			
Changes in Customer Deposits	3,252	-	3,252
Transfers from 2-Cent Fund	-	-	-
Transfers to General Fund	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
CASH FLOW FROM CAPITAL RELATED ACTIVITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Receipts	<u>880</u>	<u>38</u>	<u>918</u>
Net Change in cash and cash equivalents	264	(5,997)	(5,734)
Beginning Balance	618,403	45,483	663,886
Ending Balance	<u><u>618,666</u></u>	<u><u>39,486</u></u>	<u><u>658,152</u></u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating Income (Loss)	(21,383)	(6,035)	(27,418)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	62,514	-	62,514
Due to other funds	-	-	-
Net cash provided by operating activities	<u><u>\$ 41,131</u></u>	<u><u>\$ (6,035)</u></u>	<u><u>\$ 35,096</u></u>

Note: The 2015 Drinking Water SRF Promissory Note with the Oklahoma Water Resource Board in the amount of \$2,100,000. A DWSRF Cap Grant is used to pay the loan each year. No cash is received or disbursed.

CITY OF GARBER, OKLAHOMA
Schedule of Changes in Capital Assets
June 30, 2019

Figure No. 1

	July 1, 2020	Additions	Disposals	June 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Infrastructure	-	-	-	-
Total other capital assets at historical costs	-	-	-	-
Less accumulated depreciation for:	-	-	-	-
Other capital assets, net	-	-	-	-
Governmental activities capital assets, net	\$ -	\$ -	\$ -	\$ -
Business-type activities:				
Capital assets not being depreciated:				
Land	-	-	-	-
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Buildings	-	-	-	-
Machinery and equipment	27,276	-	-	27,276
Utility Property	811,906	-	-	811,906
Infrastructure	2,177,434	-	-	2,177,434
Total other capital assets at historical costs	3,016,616	-	-	3,016,616
Less accumulated depreciation for:	463,448	62,514	-	525,962
Other capital assets, net	-	-	-	-
Governmental activities capital assets, net	\$ 2,553,168	\$ (62,514)	\$ -	2,490,654

Note 1. Summary of Significant Accounting Policies

The accounting policy of the City of Garber is to prepare its financial statements on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial Reporting Entity

The City's financial reporting entity is composed of the following:

Primary Government	City of Garber
Blended Component Units	Garber Municipal Authority Garber Economic Development Authority
Discretely Presented Component Units	None

Government-wide and fund financial statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenues are recognized as when they are received. Expenditures generally are recognized when a liability is paid.

The City reports the following major governmental funds.

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are wither legally restricted for a specific purposes or designated to finance particular functions or activities. These funds include the Public Ways Fund (2-cent sales tax), Fire Protection Fund, and the Police Bail Fund. The Garber Municipal Authority, a proprietary fund, is used to account for the business-like activities provided to the general public. Included in this fund is the Meter Deposit Fund.

Accounting estimates

The preparation of financial statements not in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the fiscal year. The City prepares its financial statements on the cash basis for governmental funds and on the modified cash basis for the proprietary funds.

Cash and cash equivalents

The City's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices. All investments of the City are currently held as certificate of deposits.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental columns in the government-wide financial statements. Capital assets are omitted from the Town's financial statements. The Town has presented the capital assets in the Public Works or proprietary fund. The Town capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$10,000 for improvements, and \$50,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets	Years
Buildings	30 - 50
Building improvements	20 - 50
Machinery and equipment	5 - 15
Infrastructure	20 - 65
Vehicles	5 - 10

Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in governmental funds only for amounts expected to be paid (matured), for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund. No liability for compensated absences has been presented on the basic financial statements.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

No long-term liabilities exist as of the balance sheet date, nor did the Town incur any debt during the fiscal year under being reported.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance as they do not constitute either expenditures or liabilities. No encumbrances exist as of the end of the fiscal year.

Fund equity and net assets

In the fund financial statements, governmental fund balance is presented in five possible categories: Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

In the government-wide financial statements, net assets are classified in the following categories: Invested in Capital Assets, Net of Related Debt—This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding

balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance—total governmental funds, and net assets—governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” There are no reconciling items to be reported under the current accounting method utilized by the Town.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” There are no reconciling items to be reported under the Town’s accounting basis.

Note 3. Budgets and Budgetary Accounting

The City’s general budget policies are as follows:

General Fund

The City, in accordance with Oklahoma Statutes, Title 69 the City formally adopt budgets which include the General Fund. This annual budget is adopted and published by the City Council based upon prior year’s results and expected expenses of the City. The Budget is published after a public hearing and approval of the Council.

Special revenue funds

The City does have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Note 4. Cash, Cash Equivalents and Investments

The City utilizes the services of a Treasurer for cash and investment control and accountability. The treasurer is authorized to deposit funds in accounts that are either fully insured or collateralized by acceptable collateral valued at no more than market value. Permissible investments include direct obligations of the United States Government and its Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end all cash and investments of the Town were entirely insured or collateralized as required by Oklahoma Statutes.

Deposits and Investments

Primary government:

As of June 30, 2021, the primary government had the following investments:

All investments of the City are in the form of Certificate of Deposits

Interest rate risk. The City does not currently have a policy regarding interest rate risk.

Credit risk. The City does not have a formal policy regarding credit risk. Oklahoma statutes authorize the City to invest only in certificates of deposits that are either guaranteed or fully collateralized by the financial institution that holds the deposits.

Custodial credit risk—deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it.

Insured or collateralized with securities held by the City or by its agent in the City's name. The collateralized securities are pledged by the financial institution's trust department or agent in the City's name.

Uncollateralized.

All deposits of the City are categorized as (A) type deposits identified above. The carrying amount and market value is equal to the cash balance reported in the financial statement and in the following chart as of June 30, 2021.

Investments

The City's investments consisted of bank certificates of deposit during the year and are fully insured or collateralized as of June 30, 2021. Additionally, certain funds were held as restricted for Debt Service

and for Customer Meter Deposits.

Note 5. Inter-fund Receivables, Payables and Transfers

As of June 30, 2021, inter-fund receivables and payables that resulted from various inter-fund transactions were as follows:

Inter-fund transfers during the year ended June 30, 2021 were as follows:

Transfers To	Transfers From	
General Fund	2-cent Fund	\$102,086
General Fund	Utility Authority	\$ 45,000

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

Special revenue funds transfer excess revenues to fund various projects within the City.

Note 6. Capital Assets

See Figure 1: Schedule of Changes in Capital Assets

Note 7. Unearned Revenue/Deferred Revenue

The City has no Unearned or Deferred revenues as of June 30, 2021.

Note 8. Long-Term Debt and Bond Anticipation Notes

The City entered into a \$2,100,000 Series 2015 Drinking Water SRF Promissory Note with the Oklahoma Water Resource Board. The proceed of the note issuance are to be used to retire a \$200,000 bank note with F&M Bank that used to begin the construction on a water pipeline connecting the City's water system to the Enid Water Supply. The remaining funds are to be used to complete the project. Note repayments are scheduled to begin on March 15, 2017. The repayment of this note assumes 100% principal forgiveness. However, in the event the Borrower does not comply with the requirements directed by the OWRB and/or the DEQ in accordance with the DWSRF Cap Grant, as defined in Article VI of the Drinking Water SRF Loan Agreement, the principal payment amount shall be equal to 1/40 of the principal amount due and owing under the note.

Note 9. Lease Commitments

There are no current lease commitments as of June 30, 2021 or as of the report date.

Note 10. Contingent Liabilities and Commitments

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The City is not currently involved in any litigation matters. In the estimation of the Town's management and legal counsel, the final settlement of these matters will not have a material adverse effect on the financial condition of the City.

Note 11. Fund Deficits

There are no fund deficits as of June 30, 2020, or as of the report date.

Note 12. Pension Fund

The City of Garber participated in two pension and retirement plans. The plans in which the city participated are as follows:

Oklahoma Municipal Retirement Fund – Public Works Authority
The Oklahoma Firefighters Pension
Oklahoma Municipal Retirement Fund

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is age 65 with ten (10) or more years of vesting service, or age 62, with thirty (30) years of service. The normal retirement benefit is equal to 2.625% of final average compensation multiplied by the number of years of credited service.

Early retirement is age 55 with ten (10) or more years of vesting service. The accrued benefit payable starting at age 65, or an actuarially reduced benefit starting at early retirement age. During the following fiscal years ended June 30, 2019, 2020, and 2021, the City and its Municipal Authority made total payments, including employee contributions of 12,500.86, \$12,835.63, and \$18,149.62, respectively. This includes the Employers Contribution (6,107.64) and the City's Matching Contribution (12,041.98).

Firefighters pension plan

Eligible members of the City's volunteer fire department participate in a retirement and pension plan under the direction of the Oklahoma Firefighters Pension and Retirement System administered by a 13-member Oklahoma Firefighters Pension and Retirement System Board, which is a cost-sharing multiple-employer public employee retirement system (PERS). The Board acts as the fiduciary for investment and administration of the Plan.

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is the first day following the day the member completes twenty (20) years of service, regardless of age. A member who terminates after ten years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50 or when the member would have completed twenty years of service, whichever is later, provided the member's contribution accumulation is not withdrawn.

Paid firefighters' normal retirement benefit is equal to 50% of final average compensation.

No employee contributions are required of volunteer firefighters. Participating municipalities and fire protection districts contribute 13% of gross salary for each paid firefighter and \$60.00 per year for each volunteer firefighter. Municipalities with revenues under \$25,000 make no contribution for volunteers. The state contributes 34% of the Insurance Premium Tax. During the fiscal year ended June 30, 2017, the City paid \$0 into the pension plan.

Note 13. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering a portion of those risks of loss. Management believes such coverage is sufficient to preclude significant uninsured losses to the City.

In the event settled claims exceed the commercial coverage provided by the Town, Oklahoma statutes provide for payment by tax levy through the Sinking Fund at the rate of one-third each year. As an alternative to paying money judgments out of the Sinking Fund at the rate of one-third each year, the court, based on consideration of evidence and proof, may provide for the judgment to be paid over a period of not less than one nor more than ten years. The interest rate on any judgment when payment is extended more than three years shall be the rate prescribed by law for the first three years and at the rate of six percent for each remaining year.

Note 14. Subsequent Events

The City has experienced no significant events that have a material or a non-material effect on the financial statements of the City as of the date of this report, December 31, 2020

Note 15. Prior Period Adjustments

The City has booked the principle forgiveness on the OWRB \$2,100,000. The repayment of this note assumes 100% principal forgiveness. However, in the event the Borrower does not comply with the requirements directed by the OWRB and/or the DEQ in accordance with the DWSRF Cap Grant, as defined in Article VI of the Drinking Water SRF Loan Agreement, the principal payment amount shall be equal to 1/40 of the principal amount due. The annual amount is \$52,500 and an adjustment of \$157,500 is recorded to recognized prior years forgiveness.

SUPPLEMENTAL INFORMATION

CITY OF GARBER, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
FISCAL YEAR ENDED JUNE 30, 2021

	Original	Final	Actual	Variance Over (Under)
Beginning Budgetary Fund Balance	\$ 532,437	\$ 532,437	\$ 603,846	\$ 71,409
Revenues:				
Taxes:				
Franchise Tax	-	-	22,860	-
Use Tax	-	-	71,087	-
Dog Tax	-	-	9	-
Occupation Tax	-	-	40	-
Tobacco Tax	-	-	1,018	-
Total Taxes	<u>150,000</u>	<u>150,000</u>	<u>95,015</u>	<u>(54,985)</u>
Intergovernmental:				
Motor Vehicle Tax	-	-	5,906	5,906
Alcoholic Beverage Tax	-	-	5,492	5,492
Gas Excise Tax	-	-	1,484	1,484
Grants	-	-	4,826	4,826
Investment Income	800	800	1,036	236
Miscellaneous Income:				
Police Fines	25,000	25,000	46,796	21,796
Pool Admissions	-	-	-	-
Trash Collections	58,000	58,000	60,703	2,703
Licenses and Permits	500	500	-	(500)
Other Miscellaneous	6,100	6,100	49,857	43,757
Other Financing Sources				
Transfer from Other Funds				
Garber Municipal Authority	45,000	45,000	45,000	-
2 Cent Income Fund	-	-	102,086	102,086
Amounts Available for Appropriations	<u>817,837</u>	<u>817,837</u>	<u>1,022,047</u>	<u>204,210</u>
Budgeted Expenditures				
General Government	43,000	43,000	47,658	4,658
City Clerk	24,800	24,800	23,793	(1,007)
Managerial (Governing Board)	6,900	6,900	5,913	(987)
City Treasurer	22,300	22,300	21,881	(419)
Municipal Court	2,400	2,400	2,400	-
Office Improvement	2,000	2,000	299	(1,701)
Parks	1,300	1,300	215	(1,085)
Emergency Management	3,000	3,000	-	(3,000)
Animal Control	12,400	12,400	5,237	(7,163)
Animal Shelter	-	-	-	-
Street	6,000	7,450	2,137	(5,314)
Street Lights	26,000	24,550	22,468	(2,082)
Trash	52,800	52,800	47,440	(5,360)
Fire Department	19,000	19,000	17,332	(1,668)
Police Department	73,600	73,600	70,349	(3,251)
Postage	1,800	1,800	1,038	(762)
Police Car	5,000	5,000	-	(5,000)
City Hall	4,000	4,000	1,796	(2,204)
Other Financing Uses:				
-	-	-	-	-
Total Charges to Appropriations	<u>306,300</u>	<u>306,300</u>	<u>269,956</u>	<u>(36,344)</u>
Ending Budgetary Fund Balance	<u>511,537</u>	<u>\$ 511,537</u>	<u>\$ 752,091</u>	<u>\$ 240,554</u>

See Accompanying notes to the basic financial statements.

CITY OF GARBER, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GARBER MUNICIPAL AUTHORITY
FISCAL YEAR ENDED JUNE 30, 2021

	Original	Final	Actual	Variance Over (Under)
REVENUES:				
Water	\$ 287,000	\$ 287,000	\$ 339,954	\$ (52,954)
Sewer	48,000	48,000	45,829	2,171
Other	7,500	7,500	19,452	(11,952)
	<u>342,500</u>	<u>342,500</u>	<u>405,235</u>	<u>(62,735)</u>
EXEPENSES:				
Public Works Director	43,500	43,500	41,619	1,881
Engineer	5,000	5,000	-	5,000
Water Purchases	170,000	170,000	169,545	455
Water Department	35,000	35,000	24,048	10,952
Sewer Department	15,000	15,000	15,355	(355)
Water Tower	20,000	20,000	16,014	3,986
General	42,000	42,000	27,486	14,514
Wells C/O	15,000	15,000	1,606	13,394
Maintenance Worker	32,000	32,000	32,017	(17)
Clerk	24,000	24,000	20,959	3,042
Treasurer	22,000	22,000	21,004	996
	<u>423,500</u>	<u>423,500</u>	<u>369,653</u>	<u>53,847</u>
OPERATING INCOME	<u>(81,000)</u>	<u>(81,000)</u>	<u>35,581</u>	<u>(116,581)</u>
NON-OPERATING REVENUE (EXPENSES)				
Interest Income	900	900	880	20
Interest Expense (Debt Service)	-	-	-	-
Grant Receipts	-	-	-	-
Transfer In	-	-	-	-
Transfer Out	(45,000)	(45,000)	-	(45,000)
	<u>(44,100)</u>	<u>(44,100)</u>	<u>880</u>	<u>(44,980)</u>
NET REVENUES (EXPENSES)	<u>(125,100)</u>	<u>(125,100)</u>	<u>36,461</u>	<u>(161,561)</u>
BEGINNING RETAINED EARNINGS	1,197,485	1,197,485	1,049,237	148,249
ENDING RETAINED EARNINGS	<u>\$ 1,072,385</u>	<u>\$ 1,072,385</u>	<u>\$ 1,085,698</u>	<u>\$ (13,313)</u>

See Accompanying notes to the basic financial statements.

CITY OF GARBER, OKLAHOMA
Schedule of Grant Receipts and Disbursements
For Year Ended June 30, 2020

<u>Grant Description</u>	<u>Contract Number</u>	<u>Grant Award</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>
CARES Reimbursement	Public Safety	\$42,489.05	\$42,489.05	42489.05
Department of Agriculture - OK	Fire Grant	\$4,826.29	\$4,826.29	\$4,826.29
CSG - Fire Grant	Fire Grant	\$1,500.00	\$1,500.00	\$1,500.00
		<u>\$48,815.34</u>	<u>\$48,815.34</u>	<u>\$48,815.34</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditors' report.

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
Garber, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garber, State of Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Garber, State of Oklahoma's basic financial statements, and have issued our report thereon dated May 10, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Garber, State of Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Garber, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Garber, State of Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected

and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

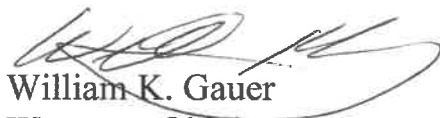
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Garber, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



William K. Gauer
Watonga, Oklahoma
May 10, 2022